

## Message Text

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PAGE 01 STATE 211026  
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E.O. 11652: GDS

TAGS:PFOR, SOPN

SUBJECT: BOARD FOR INTERNATIONAL BROADCASTING (BIB) BUDGET  
REVIEW

1. CHAIRMAN GRONOUSKI OF BOARD FOR INTERNATIONAL  
BROADCASTING (BIB) REQUESTS THAT YOU COMMUNICATE TO  
RFE/RL CHIEF EXECUTIVE OFFICER GLENN FERGUSON THE  
FOLLOWING SUMMARY OF THE OBSERVATIONS MADE BY THE BOARD  
IN REVIEWING THE RFE/RL BUDGET PRESENTATION THURSDAY .

2. AS INDICATED IN GRONOUSKI-FERGUSON TELCON, ACTIONS  
TO REDUCE PERSONNEL BASE THROUGH VOLUNTARY TERMINATIONS  
AND EARLY RETIREMENTS DURING REMAINDER OF FY 1978 AND  
AS EARLY AS POSSIBLE IN FY 1979 APPEAR TO BE THE KEY  
TO A REALISTIC FY 1980 BUDGET PRESENTATION AT OR NEAR  
THE OMB CEILING OF DOLLARS 76.4 MILLION WITHOUT  
SACRIFICING ESSENTIAL PROGRAMS AND ACTIVITIES. STEP  
ONE WOULD BE TO APPLY A MAJOR PORTION OF THE DOLLARS  
AVAILABLE FOR MANTEL TARIF IN THE FY 1978 SUPPLEMENTAL  
TO FINANCING A LIMITED NUMBER (PRESUMABLY SOMEWHERE  
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PAGE 02 STATE 211026

BETWEEN SIX AND TWELVE) OF SUCH RETIREMENTS AND  
TERMINATIONS BEFORE SEPTEMBER 30, 1978. AS STEP TWO,  
BIB IS PREPARED TO CONSULT OMB AND CONGRESSIONAL

COMMITTEES ON POSSIBILITY OF AN FY 1979 SUPPLEMENTAL IN  
THE NEIGHBORHOOD OF DOLLARS TWO MILLION SOLELY TO  
FINANCE SUCH RETIREMENTS AND TERMINATIONS AND THEREBY

SIGNIFICANTLY LOWER PERSONNEL BASE FOR FY 1980 AND BEYOND. FOR THIS PURPOSE, BIB WILL NEED REALISTIC ESTIMATES OF HOW MANY RETIREMENTS AND TERMINATIONS MIGHT BE INVOLVED (GROSS), HOW MANY OF SUCH PERSONNEL WOULD NOT BE REPLACED (NET), WHAT WOULD BE THE ADDITIONAL COST OF THE EARLY RETIREMENTS AND TERMINATIONS BEYOND FUNDS AVAILABLE FOR COMPENSATION OF SUCH PERSONNEL IN FY 1979, AND WHAT NET SAVINGS TO COMPANY WOULD BE IN FY 1980 AND SUBSEQUENT YEARS IN WHICH THEY OTHERWISE MIGHT BE EMPLOYED.

3. WITH REGARD TO FY 1980 BUDGET PRESENTATION, BIB BELIEVES THAT FY 1980 FIGURES MUST BE REALISTICALLY RELATED TO ACTUAL FY 1978 AND ANTICIPATED FY 1979 LEVELS (WITHOUT SPECIAL SUPPLEMENTAL DISCUSSED ABOVE). BIB IS AWARE OF THE EXTREME RIGIDITY OF 90 PER CENT OF RFE/RL BUDGET (COMPENSATION, POWER COSTS, ETC.) AND OF THE DIFFICULTY OF ACCOMMODATING APPROXIMATELY 8.4 PER CENT RISE IN COSTS WITHIN GUIDELINES CALLING FOR ONE MILLION DOLLARS LESS THAN A 6 PER CENT RISE. HOWEVER, THE FIGURES IN THE ZBB PACKAGES SHOULD BE REALISTIC AND THE DIFFICULT CHOICES FACED IN THE RANK ORDER AT AND IMMEDIATELY ABOVE AND BELOW THE LINE TO BE DRAWN AT THE GUIDELINE FIGURE. IN ADDITION TO OBVIOUS CUTS IN VARIOUS CAPITAL EXPENDITURES AND WHAT MAY STILL BE SQUEEZABLE IN GENERAL AND ADMINISTRATIVE

CONFIDENTIAL

PAGE 03 STATE 211026

COSTS, RFE/RL MAY WISH TO CONSIDER ABOVE THE LINE SOME SMALL REDUCTION IN BROADCAST HOURS OF MAJOR SERVICES -- I.E., RUSSIAN FROM 24 TO 18 OR 20 HOURS, POLISH, CZECHOSLOVAK AND HUNGARIAN, FROM PRESENT LEVEL TO 16 OR 17 HOURS -- RESTORING THE ADDITIONAL HOURS BELOW THE LINE. BIB BY NO MEANS RULES OUT AN ALLOUT FIGHT FOR A BUDGET SUBSTANTIALLY HIGHER THAN THE CEILING, BUT BELIEVES THIS PROSPECT WOULD BE BEST SERVED IF THE PACKAGES BETWEEN CEILING AND DOLLARS 80 MILLION ARE PROGRAMMATICALLY IMPORTANT, SUCH AS BROADCAST HOURS OR PERHAPS EVEN A FEW LANGUAGES.

4. BIB CONSIDERS IT VITAL THAT PERSONNEL LEVELS IN THIS DOCUMENT BE STATED ON BASIS OF ACTUAL COMPLEMENT, RATHER THAN HYPOTHETICAL TABLE OF ORGANIZATION, FOR CONSISTENCY WITH THIS YEAR'S CONGRESSIONAL PRESENTATION DOCUMENTS AND COMMITTEE REPORTS. SPECIFICALLY, IT HAS BEEN STATED THAT ESTIMATED LEVEL WOULD BE 1,768 ON SEPTEMBER 30, 1978 AND 1,758 ON SEPTEMBER 30, 1979. FY 1980 FIGURES

SHOULD REFLECT THESE OR, IF THAT IS THE REALITY, LOWER FIGURES. (BIB WAS INFORMED THAT PRESENT COUNT IS

1,763.) ACTUAL-BASIS COMPUTATION SHOULD BE APPLIED NOT ONLY TO OVERALL TABLES BUT TO INDIVIDUAL PACKAGES. IN THIS CONNECTION, BOARD NOTED AT ITS MEETING THAT DOCUMENT INCREASED TEN NATIONALITY DESKS BY ONE PERSON EACH IN FY 1979 OVER ACTUAL FY 1978 LEVEL -- AN INCREASE WHICH DID NOT FIGURE IN ANY OF BOARD'S CONGRESSIONAL PRESENTATIONS. AT THE SAME TIME, BOARD OBSERVED NO REFERENCE IN APPROPRIATE NATIONALITIES MANAGEMENT AND BROADCAST ANALYSIS PACKAGES TO FIVE AMERICAN PROGRAMMERS AND FOUR BROADCAST ANALYSTS IN NATIONALITIES LANGUAGES SPECIFICALLY PROVIDED IN FY 1979 BUDGET.

5. ALTHOUGH THE BOARD WILL MAKE ITS OWN INDEPENDENT CONFIDENTIAL

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PAGE 04 STATE 211026

JUDGMENT OF HOW MUCH BEYOND THE OMB CEILING MAY BE POLITICALLY FEASIBLE, RFE/RL MUST BEAR IN MIND THAT THE PRESIDENTIAL BUDGET IS CALCULATED IN DOLLARS AND THAT THE CEILING MAY INCLUDE ABSORPTION OF THE LOSSES TO BE CAUSED BY DOWNWARD ADJUSTMENT OF THE DEUTSCHE-MARK EXCHANGE RATE FOR FY 1980. IF THAT RATE IS SET AT TWO TO ONE, THIS LOSS WOULD BE IN THE NEIGHBORHOOD OF 2.5 MILLION. THEREFORE EVERY EFFORT SHOULD BE MADE TO SEEK REALISTIC ECONOMIES WITH A VIEW TOWARD HAVING THE ABSOLUTELY INDISPENSABLE ACTIVITIES ABOVE THE 74 MILLION MARK.

6. THE BOARD HOPES FOR A REVISED BUDGET PRESENTATION BY COB TUESDAY, SEPTEMBER 5. CHAIRMAN GRONOUSKI RECOGNIZES THE DIFFICULTIES THIS WILL POSE FOR AMBASSADOR FERGUSON AND HOPES FOR HIS UNDERSTANDING AND PERSONAL COOPERATION. VANCE

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